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7 BEFORE THE INSURANCE COMMISSIONER  
8 OF THE STATE OF WASHINGTON

9 In the Matter of the Application regarding the  
10 Conversion and Acquisition of Control of  
11 Premera Blue Cross and its Affiliates,

Docket No. G02-45

12  
13 **PREFILED TESTIMONY OF JOAN FISHER**

- 14  
15 1. My name is Joan Fisher. I am the Executive Director of Anchorage Neighborhood  
16 Health Center (ANHC), an Intervenor in this action. I have served as the  
17 Executive Director since 1999. In this capacity, my responsibilities include, but  
18 are not limited to management and oversight of the day to day operations for two  
19 health centers located in Fairview and Mountain View. I have dedicated my  
20 professional career to healthcare services, as is reflected in my resume.  
21 2. ANHC is one of the largest non-profit organizations in Alaska that provides  
22 medical and dental services to low-income Alaskans. ANHC provides services to  
23 individuals who are privately insured (including Premera subscribers) as well as

1 to those Alaskans who are uninsured, and those who are insured by Medicaid and  
2 Medicare. The numbers of low-income Alaskans that ANHC serves are very high  
3 given Alaska's overall low-income population; in 2002, ANHC served  
4 approximately 11,690 people; and in 2003, ANHC served approximately 12,505  
5 people. Approximately 26% of ANHC's patients are uninsured.

- 6 3. ANHC's physicians are Premera preferred providers. A number of them have  
7 active status with Premera's Washington and Alaska plans. Being a preferred  
8 provider means that ANHC has agreed to accept Premera's discounted rates for  
9 claims from those patients insured by Premera. ANHC's providers are included in  
10 a list of healthcare providers from whom Premera enrollees may seek services for  
11 a lower cost than if they sought services from providers not included in the list.  
12 Each of ANHC's physicians must individually enroll in Premera's Plans. This  
13 means that if a patient participates in a plan that has a preferred provider  
14 requirement, then that patient must see a physician that is enrolled. If the provider  
15 is not enrolled with Premera, then the patient must pay more co-payment out of  
16 pocket. Serving patients insured by Premera allows ANHC to serve more patients  
17 who are not fully insured.
- 18 4. ANHC is a Premera policyholder and has been since July 1, 1986. ANHC pays  
19 for 100 percent of its employees' healthcare coverage and seventy percent of  
20 dependent coverage for its employees. ANHC has a total of 151 covered lives.  
21 For FY2004, ANHC expects to pay approximately \$450,440.00 in health  
22 insurance premiums.
- 23 5. As a Premera policyholder, a Premera network provider, and a provider of  
healthcare services to uninsured and under-insured Alaskans, I am very concerned

1 about the negative impacts a conversion could have on ANHC and the Alaska  
2 healthcare market. From the information that has been made available to me, I  
3 understand that Premera's proposed conversion will likely result in a premium  
4 rate increase and a rise in the number of uninsured Alaskans.

5 6. I understand that the conversion is expected to lead to at least a one time premium  
6 rate increase of up to 5%. An increase in premium rates of this sort will put  
7 ANHC in a crisis: ANHC will have to decide whether to pay the increase (from  
8 funds which ANHC simply does not have) or, alternatively, force its employees to  
9 pay for these increased costs. If ANHC has to ask employees to pay for some of  
10 their health care costs, ANHC will also have to give them the opportunity to opt  
11 out of the plan, (an option not currently available to them since ANHC's present  
12 plan does not require its employees to pay for their individual insurance costs).  
13 Some of ANHC's employees will likely opt out of the plan. When this occurs,  
14 premiums likely will increase because the price of premiums is based on  
15 utilization of coverage. That is because when some of ANHC's employees opt out  
16 of the plan, and thereby decrease the level of participation, utilization of the  
17 coverage will not decrease: there will thus be a higher percentage of utilization  
18 over a smaller pool. Alternatively, ANHC may be forced to discontinue providing  
19 a comprehensive healthcare benefit plan.

20 7. ANHC is also concerned that, as Alaska's largest private insurer and having little  
21 competition, Premera, after converting to for-profit, will have little or no incentive  
22 to maintain provider payments, affordable premium rates or the products and  
23 services it presently offers. For example, the last time ANHC issued a request for

1 proposal for healthcare insurance, in 2000, ANHC received responses from only  
2 three insurance providers to its request, from Premera, Aetna and Principal.

- 3 8. From the information that has been made available to me, I understand that one  
4 result of Premera's conversion is that more people will become uninsured. If  
5 more Alaskans become uninsured, ANHC likely will see a rise in the number of  
6 uninsured persons seeking its services. Such an increase likely will result in a  
7 significant, if not prohibitive, drain on ANHC's already strained resources to  
8 serve its patients.
- 9 9. I also understand that Premera proposes that all its non-profit assets be transferred  
10 to two charitable organizations that will be dedicated to addressing health care  
11 needs of the residents of Washington and Alaska. I think that if Premera is  
12 allowed to convert, its assets should be made available to help offset whatever  
13 negative impacts we face from its conversion.
- 14 10. ANHC and its patients would greatly benefit if Premera's non-profit assets were  
15 converted to an independent charitable organization dedicated to addressing  
16 health care needs of residents of Alaska. For example, many of ANHC's patients  
17 lack access to dental care coverage and will benefit if a portion of Premera's  
18 charitable assets are used to support dental care and/or research in this area. In  
19 addition, many of ANHC's elderly patients who are covered by Medicare will  
20 benefit from a foundation dedicated to supporting access to affordable medical  
21 aids, such as hearing aids, glasses, and dentures.
- 22 11. I am concerned, however, that the Alaska Health Foundation, the foundation that  
23 Premera has proposed for Alaska, will not be a fully funded, independent  
foundation and, therefore, will not truly benefit Alaskans. I am also concerned

1 that we get our fair share of Premera's non-profit assets if Premera does convert.  
2 Since Premera has done a lot of business here in Alaska and its conversion will  
3 affect thousands of Alaskans, its conversion should only be approved if Alaska  
4 does get its fair share of these assets.

- 5 12. Based on the above concerns, I believe that this conversion as structured is not in  
6 the best interest of ANHC and Alaska. I may have additional comments as  
7 further information regarding the conversion becomes available to me.

8 I declare under penalty of perjury of the laws of the State of Alaska that the foregoing is  
9 true and correct.

10 /s/  
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Joan Fisher  
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